SPEED

Support for Private Enterprise Expansion & Development

SPEED Quarterly Performance Monitoring Report

March 30 to June 30, 2001

Submitted by:

Chemonics International Inc.

In collaboration with:

Crimson Capital Corporation, Inc.
J.E. Austin Associates, Inc.

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SECTION I

Introduction

The USAID-financed Support for Private Enterprise Expansion and Development (SPEED) project is a three-year activity managed by Chemonics International Inc., in collaboration with Crimson Capital Corporation, Inc. and J. E. Austin Associates, Inc., under SEGIR Financial Services Task Order #805. SPEED's mission is to support the economic growth of Uganda, through the development and expansion of sustainable business opportunities in the micro, small, and medium enterprise (MSME) sectors.

Specifically, SPEED works with SMEs, microfinance institutions (MFIs), and commercial banks to strengthen their capacities so MFIs expand and move up-market while commercial banks move down to meet the financial needs of the "missing middle." The project works with Business Development Services (BDS) providers to offer quality and demand-driven services that address the business needs of microenterprises, SMEs, and agricultural enterprises. Finally, SPEED works in the policy arena to address constraints to microenterprise and SME development.

The expected results of SPEED are:

- Increased use of financial services by SMEs and agricultural enterprises;

- Accelerated commercialization of the MFI industry;

- Increased use of BDS by microenterprises and SMEs; and

- Improved policy environment for microenterprises and SMEs.

The SPEED project falls under USAID's Strategic Objective 7 (SO7), Expansion of Suitable Economic Opportunities for Rural Sector Growth. USAID's SO7 strategy places priority on assisting the Government of Uganda (GOU) to reduce rural-based poverty by expanding economic opportunities. The expected outcomes of SO7 are: increased enterprise incomes for farm enterprises, community and producer organizations, micro- and SMEs (MSMEs), and industry-scale export sectors; and policy and institutional capacity that improves the enabling environment and allows Ugandans to pursue sustainable economic activities.

SPEED contributes directly to these expected outcomes of SO7 through activities in its three technical components:

- Business Capacity

- Financial Services

- Business Environment

This report details the progress and accomplishments made by SPEED in its three technical components, and in program management, during this first reporting period of March 30 to June 30, 2001. It begins with background on the design and assessment phases of the project, continues with a review of mobilization and start-up of implementation, and then discusses quarterly performance by component.

SECTION II

Background

Incorporating Chemonics' August 7, 2000 proposal and setting up SPEED as a design and implement activity, USAID selected Chemonics to develop the SPEED project over a ten-week period. This period was split into two separate phases: assessment and design.

Assessment

On October 15, 2000, an 11-person Chemonics-led team initiated an in-depth assessment of the MSME sector in Uganda. The team included the (then-proposed) SPEED chief of party Phil Broughton, team leader Ken Smarzik, agricultural finance advisor Ralph Chaffee, Chemonics' SPEED project supervisor Lief Doerring, finance policy specialist Michael Gold of Crimson Capital Corporation, Inc., GIS/M&E specialist Felix Lee, gender and finance specialist Rae Blumberg, Uganda-based institutional specialist and Chemonics' regional representative Nancy Zlotsky, and local specialists in finance and MSME development, Beth Bamwine and Evarist Mugisa.

The team was divided into four groups: SME and agricultural financing, microfinance, business development services, and policy. In addition, Chemonics Home Office administrator and budget specialist Chad Ford provided support to the team, and conducted extensive research into the activities necessary for the program management aspects of the project, from assessment through design to implementation. Upon arrival in Kampala, Mr. Ford identified and hired an administrative assistant on a short-term contract to help with the assessment and design, and to serve as the point of contact for recruitment.

During this time, the Chemonics Home Office was in the midst of an extensive search to identify the best candidates for field positions on SPEED. As previously stated, Phil Broughton, chief of party on Chemonics' Microenterprise Access to Banking Services (MABS) project, had been identified as the proposed chief of party for SPEED. Ralph Chaffee had also been identified as the proposed agricultural finance advisor. The Chemonics Home Office continued the recruitment process throughout the assessment and design.

The assessment team in Uganda interviewed more than 200 stakeholders in the MSME sector, including bankers, government officials, microfinance institutions, enterprises, association leaders, business service providers, farmers, and donors. To survey the microenterprise industry, the team prepared in-depth questionnaires for commercial banks, business development service organizations, and donors and donor projects, as well as a market assessment of the microfinance industry. Additional information was gathered through the use of rapid assessment methodology and a comprehensive review of already-existing documents and studies. The team also conducted an assessment of the Uganda Institute of Bankers (UIB), and other potential counterparts, and held many in-depth meetings with USAID staff and partners.

As a result of its assessment, the team identified the following areas to be addressed by SPEED:

- The gap between MSMEs and access to financial services;

- The gap separating MFIs from the commercial banking system;

- The gap between the business development requirements of MSMEs, MFIs, and FIs and the quality and range of existing business development services; and

- Gaps in the policy, legal, and regulatory environment.

Using the information gathered during its work, the Chemonics team drafted its assessment report, including recommendations for the design that would address the identified gaps, and presented it to USAID on November 18, 2000. USAID reviewed the assessment, and provided Chemonics with written guidance and recommendations. Chemonics then developed a strategy for project design.

Design

During the design phase, which lasted from December 4 to 20, 2000, the team conducted a training needs assessment for targeted businesses. In addition, the team coordinated a stakeholder meeting, which was held prior to presentation of the final draft design document to USAID. This group provided valuable input to the various aspects of the design of the activity.

While the design was ongoing, Chemonics Project Administrator Richard Ody traveled to Uganda to lead an intensive recruitment process for long-term professional staff. Mr. Ody advertised widely and recruited actively, and, with the assistance of other members of the team, conducted a lengthy series of interview sessions. Through this process, the team identified the following local long-term professionals: Emmanuel Acuc, information technology (IT) specialist; Olive Kabatalya, microfinance specialist; James Menya, monitoring and evaluation specialist; Alice Mukasa, office manager; Samuel Mutebi, microfinance MIS specialist; Isaac Kapalaga, grants manager; and Andrew Obara, senior microfinance specialist.

Concurrently, the design team and Chemonics' Home Office in Washington worked to finalize the long-term international staff for SPEED. In addition to Phil Broughton and Ralph Chaffee, expatriate professionals identified and proposed in the final design document included Joanna Ledgerwood, microfinance advisor; Jack Thompson, SME finance advisor; and Maura Brazill, project administrator.

Throughout the development of project design, Chemonics worked to ensure that the document reflected Ugandan private and public sector realities and needs by soliciting input, information exchange, and a common vision from stakeholders, donors, and partners. The team also worked closely with USAID to determine appropriate project results to be achieved. Chemonics completed the design phase of the activity, and submitted the SPEED design proposal to USAID on December 20, 2000.

On January 12, 2001, Chemonics received comments from USAID, and submitted its response in the final design document six days later. Based on Chemonics' assessment and design documents, proposed team and implementation plan, USAID approved the SPEED project design on January 26, 2001.

SECTION III

Mobilization

The period between USAID's approval of the design and the actual start-up of the project was a critical one for SPEED. Chemonics placed high priority on moving through mobilization into start-up at a rapid pace, to ensure that SPEED staff would be able to begin work immediately upon project implementation.

USAID signed Task Order Modification One on January 30, 2001, to allow Chemonics to proceed with the initial stages of mobilization. Specifically, the modification allowed Chemonics to begin the procurement process for vehicles, office equipment, computers, and office furniture, and to begin preparation for make-ready of office spaces.

At Chemonics' Home Office, the SPEED Project Management Unit (PMU) moved quickly into mobilization. They finalized contracts with all identified long-term international and Ugandan staff. Additionally, they finalized subcontracts with implementation subcontractors Crimson Capital and J. E. Austin Associates, and worked closely with Phil Broughton to identify the subcontractor employees who would serve as long-term professionals on SPEED. As a result of this process, Chemonics proposed Daryl Veal from Crimson Capital as Legal, Regulatory, and Policy Advisor, and Patrick Nugawela from J. E. Austin as BDS Advisor. Both were approved by USAID.

Through Nancy Zlotsky, Chemonics maintained representation in Uganda and kept the momentum going on mobilization activities. Ms. Zlotsky visited and evaluated potential office sites to determine which would be the most appropriate to house the SPEED project. She assisted with recruitment and maintained regular contact with Phil Broughton and the Chemonics Home Office.

Phil Broughton and Lief Doerring returned to Uganda in early February to present the SPEED design to the USAID Mission Director, Dawn Liberi. Richard Ody also returned at that time, to take the lead on administrative mobilization activities. To assist with this work and facilitate the transition to implementation, Mr. Ody employed Alice Mukasa, SPEED office manager, and two drivers on short-term contracts.

After evaluating the potential SPEED office sites identified by Nancy Zlotsky, Mr. Broughton determined that the Shimoni Office Village on Clement Hill Road was the best location for the main project office. Mr. Ody immediately contacted architects and construction firms in Kampala, to request proposals for designing and partitioning that space, as well as the SPEED offices in the UIB building, the pre-determined location for the microfinance unit. After the designs were complete and the contract signed with the architecture firm, Mr. Ody requested proposals from wiring firms for the necessary cabling and ducting to make the offices functional. He reviewed these proposals, and signed a contract with a local firm to conduct this work.

Mr. Ody and Ms. Mukasa researched the costs of vehicles, furniture, and office equipment. This entailed requesting and reviewing competitive bids for all of the above, confirming orders, and maintaining contact with suppliers. In addition, they also requested and reviewed proposals from security firms, insurance companies, and

telephone and internet service providers. Further work consisted of reviewing CVs for local long-term support staff, and conducting interviews.

USAID approved a total of five project vehicles for SPEED, two of which were inherited from PRESTO. Mr. Ody conducted an exhaustive search of the local marketplace for American-made vehicles. At the time, however, there were no American vehicles available, nor were there plans by the local automotive dealers to have any available in Uganda for at least six months. Based on this information, Mr. Ody requested a waiver and approval from USAID to purchase non-American vehicles. This was granted, and Mr. Ody and Ms. Mukasa finalized arrangements with a local firm to supply Mitsubishi Pajeros for the project.

Due to the potential difficulties involved with two separate offices operating on the same computer and internet network, significant planning went into the structure and set-up of the computer system. Chemonics Home Office IT department provided invaluable input into the design of the system, and worked with the Procurement department to finalize the order for the necessary equipment. Mr. Ody contracted with a local firm in Uganda to provide temporary dial-up internet access, and to set up the wireless network.

During this mobilization period, Mr. Ody kept in constant contact with and received guidance from Phil Broughton, who had returned to the Philippines in mid-February to complete his assignment on the MABS project. Both Mr. Broughton and Mr. Ody also maintained regular contact with USAID, to discuss progress in mobilization and the upcoming Task Order modification. Task Order Modification Two, authorizing Chemonics to begin implementation of SPEED, took effect on March 1, 2001. Phil Broughton arrived to begin his work as Chief of Party on SPEED immediately thereafter.

SECTION IV

Project Start-Up

As key members of the SPEED staff, including the chief of party, participated in the assessment and design phases of the project, there was a level of continuity throughout the process, which continued into project start-up. Under Phil Broughton's guidance, Richard Ody continued his work, moving from mobilization into start-up mode. This required a great deal of coordination with the Chemonics' Home Office and the various service providers involved in the logistics of relocating international employees, completing the build-out of the office space, and ensuring that equipment and offices would be ready when the team reached the field. Work was completed at the UIB building in mid-March, and the team members on the ground at the time worked from there while waiting for the Shimoni office to be ready for occupancy.

Mr. Ody also ensured that the USAID Competitive Enterprises and Trade Expansion (COMPETE) project, with which SPEED works closely, was provided with temporary office space at the UIB building. SPEED had already agreed to sublet office space in Shimoni to COMPETE upon completion of the partitioning of that office. Mr. Ody coordinated with the COMPETE Chief of Party, Anton Balasuriya, the architects, building contractors and wiring specialists to ensure that the COMPETE space at Shimoni met the needs of that project and facilitated a collaborative relationship for joint project activities.

Long-term expatriate SPEED staff began work quickly after the signing of the Task Order Two modification. Daryl Veal arrived in Uganda in mid-March, followed shortly by Maura Brazill, Joanna Ledgerwood, and Ralph Chaffee. Due to professional obligations, Jack Thompson was not able to begin his long-term assignment until April 28, but was able to travel to Uganda for a short-term assignment prior to that date. During this assignment, he participated in the bank training needs assessment, provided valuable input on planning for SPEED activities and sector strategies, and conducted intensive recruitment for the local long-term SME finance specialist.

To launch the BDS component, Laurel Druben arrived in Uganda to complete a short-term consultancy on March 27. She conducted component start-up activities and completed an assessment of local BDS providers. The timing of this assessment was particularly important because Patrick Nugawela, SPEED long-term BDS Advisor, was under a commitment to complete professional obligations elsewhere, and was unable to join SPEED until May. Ms. Druben's work facilitated the movement into implementation of this component, and paved the way for Mr. Nugawela's arrival.

Ms. Brazill and Mr. Ody worked closely together on start-up activities until Mr. Ody's return to the U.S. in mid-April. During that time, Mr. Ody introduced Ms. Brazill to all service providers with whom SPEED had signed contracts, and he and Ms. Brazill worked closely with the providers to ensure that there would be no breaks in the work during the transition between administrators.

With regard to managing building contractors, organizing details for the arrival of the long-term staff, interviewing potential employees, planning for the wireless computer

network, and arranging the purchase of furniture and office equipment, Ms. Brazill and Ms. Mukasa continued the work begun by Mr. Ody. In addition, Ms. Brazill assisted Mr. Broughton with the interviewing and hiring of long-term professional staff. Upon receiving USAID approval, Chemonics finalized contracts with Catherine Mulumbi and Habib Tibrichu as the accountant and business development services specialist, respectively. Ms. Brazill also conducted an intensive series of interviews for long-term support staff positions, and finalized the hiring of all administrative assistants, drivers, and secretaries.

All SPEED staff were identified and hired by the end of May. Professional staff included Godfrey Ssebukulu, SME finance specialist; Goretti Omute, agricultural finance specialist; Frank Olok-Asobasi, marketing specialist; and Jimmy Muyanja, legal policy specialist. Although professional obligations prevented several staff members from joining the SPEED team full-time until June or early July, those individuals maintained frequent contact with their colleagues at SPEED, and were kept informed of progress in project activities.

On April 23, the SPEED staff moved into the Shimoni office on Clement Hill Road. Temporary laptops were made available for all staff, and the computer shipment from the U.S. arrived shortly thereafter. Due to the logistical complexity of setting up the network, Chemonics' Home Office IT Specialist Graham Karlin arrived in Uganda on April 29, to finalize the installation of the dual-office computer system and to train the local IT specialist, Emmanuel Acuc, in maintenance and installation protocols for the newly-arrived network hardware and software.

In early May, the SPEED team attended a two-day teambuilding retreat, conducted by the American firm Teamworks Training and Development, Inc. Through this retreat, the SPEED staff developed a common understanding of project goals and a shared vision of expectations and planned achievements. The teambuilding also served as a pre-planning session for the drafting of the first-year workplan, and provided staff with a forum for discussion of activities, tasks, and goals to be included in this document.

Shortly thereafter, Laurel Druben returned to Uganda, to lead the SPEED team in its workplanning process. This activity, which will be discussed in the Program Management section of this report, in effect launched the technical work of the project. The team held an intensive two-day retreat during which they finalized workplan details, designed the upcoming program for SPEED, and identified the activities and tasks against which progress would be measured identified. The first SPEED workplan, covering the seven-month period from June 1 through December 31, 2001, was submitted to USAID on June 1, 2001.

SECTION V

Quarterly Performance by Component

Through the assessment and design phases of the project, the SPEED team had identified four guiding principles to implementation:

- A sector focus;

- Targeting market-linked business opportunities;

- The project as the marketplace; and

- Collaborating and adding value.

During the workplanning process, SPEED staff used these guiding principles to identify Key Results Areas (KRAs) in each of its three technical components (Business Capacity, Financial Services, and Business Environment) as well as in Program Management. A manager was designated for each KRA, to work with long-term staff and short-term consultants to accomplish a detailed and challenging series of activities and tasks. Quarterly performance within each component is discussed in the following pages, by KRA.

A.   Business Capacity

The goal of the Business Capacity Component is to increase the demand for BDS among MSMEs and MFIs, while increasing the flow of financial services to these same organizations. To achieve this goal, SPEED works to build opportunities and strengthen organizational and institutional capacities of businesses and BDS providers. Through its workplanning process, SPEED identified the following three KRAs within this component:

- KRA 1: BDS Providers Strengthened
- KRA 2: Agribusiness Capacity Strengthened
- KRA 3: Capacity in Non-Agricultural Sectors Strengthened

Quarterly progress made in each Business Capacity KRA is discussed below.

KRA 1:   BDS Providers Strengthened

SPEED seeks to increase effective demand for business development consulting services by working with selected BDS providers to improve the quality and customer value of services, and with SPEED clients to raise awareness that these services can increase their profitability. To this end, SPEED began work on the development of a roster of local BDS providers by identifying the core areas in which consultancy services are most likely to be needed to achieve project goals. These are: agribusiness, enterprise development, SME finance, microfinance, Information and Communication Technology (ICT), quality assurance, research and development, and training. To solicit proposals from qualified Ugandan consulting firms who wished to be included on the roster, SPEED developed a request for proposal (RFP), which it advertised in two leading newspapers during the last week of June. In preparation for the task of shortlisting firms in each area, SPEED also established selection criteria. The next phase of this activity, to include ranking the proposals and developing the final roster, will continue into the next quarter.

KRA 2:   Agribusiness Capacity Strengthened

SPEED's work in agriculture focuses on the expansion of business capacity. Using the sector approach discussed above, SPEED works closely with COMPETE in activities related to coffee, cotton, and fish. As SPEED will work with additional sectors as well, considerable effort in this reporting period was placed on sector evaluations and assessments. Through this process, SPEED selected dairy as an additional focus, because of its export potential and the involvement of many small farmers.

SPEED was instrumental in establishing a sector working group for dairy, which includes representatives from Land O' Lakes, Heifer Project International, private enterprise, and the financial community. Using a local consultant, SPEED conducted a dairy marketing study in June, to provide the industry with a basis for determining processing requirements and plant location, potential for product expansion, and profit potential for a variety of dairy sizes and types. Additional work in the dairy sector included the formulation of a potential financial facilitation scheme with a local processor, wherein SPEED would guarantee payment on dairy packaging material.

In collaboration with ACDI/VOCA, SPEED prepared a scope of work for a coffee business analysis, and identified an appropriate consultant. This business analysis will lay the foundation for a nucleus farm/outgrower extension program, which SPEED anticipates supporting on a cost-shared basis. In addition, as a result of an evaluation of the poultry sector, SPEED began negotiations with a poultry grower/processor regarding a technical assistance program that will improve production capacity and may lead to increased processing of poultry for regional export markets. SPEED also focused on opening lines of communication with potential suppliers of processing equipment, packaging materials, and long term financing to the agribusiness sector.

Working to develop and implement market-linked fisheries pilot projects, SPEED prepared a Business Development Plan for this sector. This document presented an extensive outline of the activities to be undertaken, including:

- Developing support programs to improve production value, quality, and market opportunities for the existing fisheries harvest;
- Increasing business opportunities for MSMEs;
- Developing a model landing site appropriate for remote island fishing areas;
- Facilitating access to financing for producers, collectors, and processors; and
- Providing support to strengthen sector intermediaries, if and as necessary.

KRA 3:   Capacity in Non-Agricultural Sectors Strengthened

SPEED's strategy in non-agricultural sectors focuses on providing support to develop market-linked, bankable business opportunities for MSMEs. In its efforts, SPEED works closely with other organization, most notably COMPETE, Chemonics' IDEA project, ACDI/VOCA, the United Nations Development Program, and Uganda Investment Authority.

B.   Financial Services

The objective of the Financial Services Component is to increase access to financial services by MSMEs. Targeted within this component are commercial banks, MFIs planning to transform to microdeposit taking institutions (MDIs), MFIs seeking to reach financial self-sufficiency (FSS), SMEs, and financial sector associations.

The two KRAs within this component are:

- KRA 1: MSME Financing Increased
- KRA 2: MFIs Commercialized

Quarterly progress made in each KRA is discussed below.

KRA 1:   MSME Financing Increased

SPEED works in the MSME sector to encourage financial institutions to increase their lending to MSMEs and MFIs. To begin this work, a short-term consultant conducted an assessment of local banks during the month of May, to determine their SME lending practices. The information gathered formed initial baseline data on the status of current SME financing activities in Uganda. An additional focus of this consultancy was an assessment of bank training needs and the capacity of bank training institutions. The consultant met with 13 commercial banks, the Bank of Uganda, UIB, and local training institutions to discuss the training needs of banks and the capacity of local institutions to meet them.

An important task for the Financial Services Component is to assist banks with the development and delivery of innovative services packages for SMEs. To this end, SPEED entered into a provisional agreement with DFCU Leasing in June. Under this agreement, SPEED will assist DFCU to expand its leasing operations into rural areas, thereby creating access for rural SMEs.

SPEED was instrumental in establishing a working group on MSME financing. Under SPEED's guidance, this group agreed to work towards an improved tax structure, in coordination with the Commercial Justice Law Reform program through the Task Force Relating to Secure Transactions. As a result of SPEED's efforts, the Task Force has added leasing to its schedule.

Working in coordination with COMPETE, SPEED drafted a strategy for its intervention in the cotton sector. Planned interventions will initially focus on the cotton ginners, with work with textile millers and garment manufacturers to follow. To this end, SPEED met with ginners, millers, and garment manufacturers, and will continue to do so in order to select the most suitable clients for the project. Within the cotton sector, SPEED's innovative market-led approach provides a client focus that compliments COMPETE's work.

KRA 2:   MFIs Commercialized

The goal of SPEED's work with MFIs is to assist those with high potential to increase self-sufficiency, and possible transformation to MDI status though increased technical assistance and training. SPEED engaged a local consultant in April to complete a baseline survey of 15 leading MFIs, to gather background data, assess each MFI's interest in transformation to MDI status, and determine potential linkages with commercial banks, new product development, and training that would support public outreach. The survey also included an assessment of the MFIs' financial positions by recording baseline data and calculating various financial ratios. In addition to collecting the above information, the consultant identified the following as key areas for technical assistance: treasury, product development, general financial management, prospectus development, identification and attraction of new investors, assets, MIS, governance, and compliance with upcoming regulations.

SPEED also established selection criteria for MDI and FSS candidates during this reporting period. By the beginning of June, selection criteria were developed and documented for MDI candidates, and were drafted for FSS candidates.

Moving towards it goal of commercializing MFIs, SPEED issued an RFP for potential MDI candidates on June 1. Nine of ten MFIs invited to submit proposals and business plans did so. The proposals were screened, using the established selection criteria, and SPEED chose the following three MFIs to work with as MDI candidates: UWFT, FINCA-Uganda, and UMU.

C.   Business Environment

The overall objective of the Business Environment component is to create a more business friendly environment that enhances the ability of MSMEs to obtain financing and become engines of growth in Uganda. Within this objective, SPEED has identified one KRA:

- KRA 1: Public and Private Sector Capacity Enhanced

Through work in this KRA, SPEED seeks to improve the efficiency and operations of the Center for Arbitration and Dispute Resolution (CADER), the Commercial Court, the Land Registry, Companies Registry, and MOFPED. Quarterly progress made in these efforts is discussed below.

KRA 1:   Public and Private Sector Capacity Enhanced

SPEED's key Business Environment activities during this quarter focused on building strong relationships of trust and confidence with GOU counterparts, conducting assessments of the Land and Companies Registries, developing work and action plans as a result of these assessments, and creating a viable business plan for CADER.

Since May, SPEED has held a series of meetings and discussions with the Chief Justice of the High Court, the USAID Mission Director, CADER, and the President of the Commercial Court regarding the swift and efficient transfer of cases from the Commercial Court to CADER. During the month of June, SPEED developed an action plan for cooperation between CADER and the Commercial Court, which included the actual steps required for the movement of cases, and the need for a survey of the current cases to determine whether they are suitable for Alternative Dispute Resolution (ADR). It also set forth the need for a practice directive to judges with respect to ADR, and the need for legal documents authorizing the transfer of cases. SPEED then drafted a letter of understanding between the two organizations, and completed a draft action plan for the movement of cases to CADER. In addition, working through the Commercial Justice Advisor, SPEED ensured that CADER will receive the financial support guaranteed by the GOU.

In cooperation with the Executive Director of CADER, SPEED drafted the CADER Business Plan in June, and presented it to the Board of Directors. The Business Plan included a program to allow CADER to move cases from the Commercial Court through incentive payments for filing fees. This would streamline a process that is currently at a standstill. Further, the Business Plan sets forth an ambitious two-year plan, which will result in CADER's self-sufficiency. The Board of Directors provided comments on the Business Plan, which will be finalized during the upcoming quarter.

SPEED engaged short-term consultants to conduct an assessment of the land registration system in Uganda. These consultants also worked with representatives of the Department of Land Registration, the Department of Mapping and Surveying, and the Land Act Implementation Unit to identify key activities and areas of cooperation between SPEED and the GOU. To support the GOU's proposed pilot program to demarcate and map customary land holdings, SPEED provided preliminary feedback regarding surveying and mapping techniques and other methodology to be used to

ensure efficient use of resources, and to maximize citizen support for titling of customary lands.

SPEED also conducted an assessment and evaluation of the Registrar General's office, interviewing the professional staff of the registries and developing a model relating to the current management and operation of the Registrar General's office. A preliminary action plan with respect to utilization of information technology within this office was developed and included in the work plan.

To coordinate efforts with other donors, SPEED held numerous meetings regarding the support of the Private Sector Development Unit of MOFPED. Further, SPEED worked with a GOU-engaged short-term consultant to draft a joint plan to assist the unit improve is data flows and quality of information.

D.   Program Management

Program Management, in effect SPEED's fourth component, is integral to every aspect of the project and every component and activity. To achieve project goals, well-defined policies and procedures, transparent information-sharing mechanisms, and effective monitoring and reporting systems are necessary. The KRAs established for the Program Management area are:

- KRA 1: Coordination Mechanisms Established
- KRA 2: Efficient Administrative Support Provided
- KRA 3: Information Transparency Achieved
- KRA 4: Program Monitoring and Reporting Needs Met

Quarterly progress made in each KRA is discussed below.

KRA 1:   Coordination Mechanisms Established

As discussed previously, the SPEED staff conducted an intensive workplanning retreat, to define project goals, determine activities and tasks, and measures of progress. Led by Laurel Druben, this workplanning was critical to give the staff a clear and common understanding of expectations, goals, and results. All SPEED staff participated in this interactive retreat, through which the various components first devised their strategies and goals, and the entire team then discussed each activity and result area. As a result, the team worked jointly to determine the goals and activities for the first year workplan, with a view toward end of project results as well, and returned to Kampala with a shared understanding of goals and project activities.

SPEED established its Steering Committee during this reporting period, which includes representatives of the GOU, USAID, COMPETE, and the private sector. SPEED provided each member with a copy of its first-year workplan, and the Committee met in early June to provide comments. The Committee, which will meet on a regular basis, will evaluate SPEED progress against the approved workplan.

KRA 2:   Efficient Administrative Support Provided

The SPEED Policies and Procedures Manual was finalized by the end of June, and distributed to staff. This is a critical document in the project management area, as it informs staff members of the administrative and management rules and standards which must be followed, both for USAID and for Chemonics. Policies were put into effect by the end of June, and appropriate forms and templates published on the SPEED intranet.

During this intense first quarter of SPEED, staffing needs were monitored closely, particularly in terms of ensuring that the team would be provided with adequate support. Although all staff were hired and start dates established by early June, SPEED management will continue to evaluate staffing and hire support staff as appropriate throughout the lifetime of the project.

KRA 3:   Information Transparency Achieved

Beginning in April, the SPEED IT specialist worked to set up and stabilize the technical aspects of the SPEED intranet. As a result, the foundation for the sharing of Information is in place and in use. A network drive where all project related information is stored was created, and internet access for support of email and researching information was established.

Coordination and communication between the Chemonics Home Office and field staff are critical to the successful management of the project. To this end, several key measures have been put in place. First, the SPEED Field Office sends one project management email to and receives one from the Chemonics Home Office each day. Second, scheduled teleconferences take place between SPEED staff in Uganda and the Home Office. Finally, Chemonics Home Office support service departments, including procurement, IT, and accounting, maintain regular contact with their counterparts in the SPEED office, providing assistance and advice as needed.

KRA 4:   Program Monitoring and Reporting Needs Met

The major activity carried out during the reporting period was the finalization of the Project Results Framework. This involved incorporating modifications from the workplan to update the Results Framework, clarifying questions and issues with the SPEED technical team, and producing the final workplan. The final workplan was submitted to USAID on June 1.

Monitoring progress in SPEED technical tasks and activities is critical to SPEED's ability to report accurately and effectively on its work. This includes monitoring the actual start and completion dates of activities and assignments, percentage of completion, and actual work conducted on tasks. To address this need, the seven-month project planned activities (June 1, 2001 through December 31, 2001 Workplan) were put into Microsoft Project Management System, and SPEED staff utilize this tool to analyze and evaluate progress toward project goals.

Fixed Price Contracts

To achieve the desired results during this reporting period, Chemonics' SPEED project conducted two activities using fixed price subcontracts. These are discussed below.

Aclaim Africa Ltd.

During the assessment and design of the SPEED Project, the Chemonics team identified the need to assess the operational and financial performance of the leading MFIs in Uganda, and to generate data that would inform the process of selecting partners for microfinance activities. The team also carried out a research on the availability and quality of consulting services provided by Ugandan firms and individuals in the area of microfinance. During the assessment it was determined that Aclaim Africa Ltd. was the only firm with the experience in providing training and technical assistance to and conducting assessments of microfinance institutions.

Chemonics hired Aclaim Africa Ltd. to carry out a survey of 15 leading MFIs in Uganda. A fixed-price subcontract was issued to Aclaim to carry out a detailed financial and operational survey of these MFIs, to generate the baseline data that was used to pre-qualify MFIs that were subsequently invited to participate in SPEED microfinance project activities.

Teamworks Training and Development, Inc.

To achieve project success in a relatively short (34 months) time period, Chemonics recognized the need for a shared vision of goals and technical challenges, as well as a coordinated approach to addressing those challenges. In addition, Chemonics knew that a strong, clear project management structure and well-defined lines of communication were absolutely necessary from the outset.

Recognizing these challenges, Chemonics hired Teamworks Training and Development Inc. (Teamworks), using a fixed price subcontract mechanism, to conduct a teambuilding workshop for SPEED staff. Teamworks designed and moderated the workshop, which explored the themes of operating principles, communication, and pre-planning for technical workplan activities. Teamworks staff spent several days prior to the workshop gathering data on project challenges and key strategic issues for the SPEED team, and worked closely with the Chief of Party to establish the goals of the workshop. Held in early May, this workshop laid the foundation for the workplanning session, and resulted in a shared team understanding of technical activities and project goals.

SECTION VII

Financial Update

The following table presents an update on expenditures on the SPEED project through June 30, 2001. This total includes the assessment and design phases of the project, fielding of long-term staff, office set-up, procurement, and initial mobilization and start-up activities.

Task Order #	Authorized Expenditure	Actual Expenditure to June 30, 2001	Balance	Estimated Completion Date	Actual Completion Date
805	$17,490,211	$2,504,936	$14,984,274	December 31, 2003	N/A